

GERMANTOWN, TENNESSEE

# BUDGET IN *BRIEF*







Dear friends,

Year after year, our community survey results show us that you're pleased with Germantown and the value you get from your tax dollars. And that inspires us to continue working as hard as we can to be responsible public servants. That's why, even though our mandated spending increased more than \$1.4 million this year, we still reduced our general fund budget by more than \$940,000 before incorporating new debt — while continuing to deliver the caliber of services you expect. Thank you for your interest and involvement.

Sincerely,

MAYOR MIKE PALAZZOLO

*Fiscal Year 2018 Budget Public Hearing*

Monday, June 12, 6 p.m.  
City Hall Council Chambers  
1930 S. Germantown Road  
Call 757-7251 for more information.

*Funding more school capacity for our children.*

What we need:

Space for  
**500+**  
Germantown children

Options we have:



Build

OR



Buy\*

What this means to you:

Property value	Annual increase
\$250,000	\$143.75
\$300,000	\$172.50
\$350,000	\$201.25
\$400,000	\$230.00
\$450,000	\$258.75
\$500,000	\$287.50

Cost we must plan for:

**\$27 MILLION** for land and construction

**\$6.5 MILLION** for nearby roadwork

**23¢** TAX INCREASE

10¢ for new school debt  
3¢ for nearby roadwork debt  
10¢ for Hall funding replacement

\*As of this printing, negotiations are ongoing for the purchase of three school buildings from Shelby County Schools. Whether we buy or build, a tax increase will still be necessary. At this time, our plan assumes we'll build.

Top Takeaways

Administration is proposing a property tax increase for FY18. Here's why:

We're losing a key piece of state funding.

The State of Tennessee is in the process of phasing out the Hall income tax on interest and dividends. Over the next four years, Germantown will lose about \$7.7 million in revenue.

We're serious about our dual AAA bond rating.

These are our City's credit ratings, and they affect our interest rates. In the past 25 years, this distinction has saved Germantown close to \$2 million in interest compared to a AA-rated community. Maintaining infrastructure, meeting financial obligations and keeping a balanced budget are key to keeping our rating and maintaining our excellent financial reputation.

We've outgrown our schools.

Our elementary student population exceeds optimum capacity by 539 children. Even though we completed a \$12 million addition at Riverdale without a tax increase, Farmington and Dogwood are holding classes in portables. The planned new elementary school including land, site work, construction and equipment has a budget of \$27 million. The necessary safety improvements to Forest Hill Irene Road leading to the new school have a budget of \$6.5 million. Collectively, this will result in a bond issue of \$33.5 million and an increase in debt service payments of approximately \$2 million each year.

We cut our expenses by more than \$900,000.

We decreased general fund spending by \$940,125 without compromising core services or quality.

We plan for the future.

Even though they're a necessary part of running a healthy city, no one wants a tax increase. That's one reason we budget five years in advance, to avoid tax increases year after year.

The proposed property tax rate is \$1.99.

Here's where it will go:



**\$0.72**  
Public safety  
(fire and police)



**\$0.17**  
General debt  
service payments



**\$0.55**  
General government (HR,  
finance, development, etc.)



**\$0.11**  
Other expenses (Farm Park,  
Great Hall, ambulance)



**\$0.17**  
Reserves (funds to sustain  
the five-year planning period)



**\$0.10**  
Community services  
(parks, libraries, etc.)



**\$0.17**  
Transportation and environment  
(public works and animal shelter)

The tax rate breakdown.

Certified tax rate after roll back	\$1.76
Annual debt service for the new \$27 million K-5 school	\$0.10
Annual debt service for new school-related road/safety improvements	\$0.03
Amount to help offset average annual loss of the Hall income tax	\$0.10
Proposed new tax rate	\$1.99



City of Germantown  
1930 S. Germantown Rd.  
Germantown, TN 38138  
901-757-7200 Germantown-TN.gov

# FY18 CAPITAL IMPROVEMENTS PROGRAM

The CIP budget for 2018 will fund 25 projects that are in line with our Germantown 2030 strategic plan. The total budget for capital improvements is \$39.4 million. Here are the highlights:

### Education:

- New elementary school
  - Site selection
  - Design
  - Construction
- Safe Routes to School grant to protect Riverdale bikers and walkers
  - Sidewalks
  - Bike lanes
  - Signage

### Roads and intersections:

- Improvements to the intersection of Wolf River Boulevard and Germantown Road
- Final design and land purchase for school-related improvements to Forest Hill Irene Road
- Traffic signal upgrades at Poplar Pike and Hacks Cross Road, Poplar Avenue and Kirby Parkway and Poplar Pike and Arthur Road/Germantown Road

### Parks and recreation:

- Germantown Greenway expansions
  - Connecting Nashoba Park to the Wolf River Boulevard Connector trailhead
  - Constructing a new connection between Cameron Brown Park and Farmington Boulevard

### Utilities

- Sanitary sewer upgrades

## City-Wide Budget Summary

### General Fund

Supports fire and police, finance, administration, parks and recreation and public services.

### Enterprise Funds

Support utilities, Germantown Athletic Club, The Great Hall & Conference Center, sanitation and stormwater management.

### Special Revenue Funds

Support State Street Aid, drug asset forfeiture, Pickering Complex, recreation, federal asset forfeiture, ambulance, Germantown Municipal School District and the Farm Park.

Revenues \$56,507,700
Expenses \$51,651,400

Revenues \$20,638,800
Expenses \$19,774,959

Revenues \$59,117,100
Expenses \$59,516,600*

\*Expenses exceed revenue due to a planned draw down of the fund balance in the ambulance and State Street Aid funds.